

Legislature Changes Classified Land Assessment

When the Classified Forest Program was created in 1921, it provided landowners a property tax benefit by reducing the assessed value for land enrolled in the program to \$1 per acre. The assessed value for classified land has remained unchanged for 95 years. This year the legislature passed Senate Bill 308 which changes the assessment of land enrolled in the Classified Forest & Wildlands Program, the Classified Windbreak Program, and the Classified Filter Strip Program. The legislation updates the assessment to the current value of a 1921 dollar: \$13.29. The new classified assessment takes effect January 1, 2017 and will adjust annually for inflation.



This change does not mean that landowners will now be paying \$13.29/acre in taxes. \$13.29 is the assessed value. Taxes are calculated by multiplying the assessed value by the tax rate. With the current assessed value of \$1/acre, landowners are paying \$0.01 - \$0.02/per acre. At the new assessment, the taxes will increase to \$0.13 - \$0.27/acre depending on tax rate. The assessment changes to \$13.29/acre on January 1, 2017 for the 2017 tax year. It will show up on tax bills in 2018.

Table 1. Impact of Legislative Change to Classified Land Assessment

1% Tax Rate	Number of Acres Enrolled					
Assessment	10	20	40	80	120	200
\$1/Acre	\$0.10	\$0.20	\$0.40	\$0.80	\$1.20	\$2.00
\$13.29/Acre	\$1.33	\$2.66	\$5.32	\$10.63	\$15.95	\$26.58

1.5% Tax Rate	Number of Acres Enrolled					
Assessment	10	20	40	80	120	200
\$1/Acre	\$0.15	\$0.30	\$0.60	\$1.20	\$1.80	\$3.00
\$13.29/Acre	\$1.99	\$3.99	\$7.97	\$15.95	\$23.92	\$39.87

2% Tax Rate	Number of Acres Enrolled					
Assessment	10	20	40	80	120	200
\$1/Acre	\$0.20	\$0.40	\$0.80	\$1.60	\$2.40	\$4.00
\$13.29/Acre	\$2.66	\$5.32	\$10.63	\$21.26	\$31.90	\$53.16



Minimum tax bill is typically \$5 per tax parcel.

The assessed value for classified land will be updated annually by the percentage change in the Consumer Price Index for All Urban Consumers. The Consumer Price Index for All Urban Consumers (CPI-U) is a measure of inflation determined by the US Department of Labor, Bureau of Labor Statistics. CPI-U is a measure of the average change over time in prices paid by urban consumers for a set of consumer goods and services: food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services (tobacco, personal services, funeral expenses). The percentage change in the CPI-U for the past five years is as follows:

2011	3.2%
2012	2.1%
2013	1.5%
2014	1.6%
2015	0.1%

For more information about the CPI-U visit the Bureau of Labor Statistics webpage (<http://www.bls.gov/cpi/cpifaq.htm>).